

## MEMORANDUM

**TO:** Iowa General Assembly  
**FROM:** Alcoholic Beverages Division  
**RE:** Automated Device Privilege  
**DATE:** February 1, 2016

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This bill makes substantive changes to Iowa Code chapter 123 that will authorize certain liquor control licensees, beer permittees, and wine permittees, that have obtained the approval of the Administrator, to allow patrons to serve themselves beer, wine, or spirits by the glass through the use of an automated dispensing device. The Administrator will grant the “privilege” of using this type of device during the normal application process for new or renewal licenses or permits that authorize on-premises consumption. The privilege, if granted, comes without an additional fee.

### WHY THE BILL IS NECESSARY:

This bill is necessary because the use of self-service dispensing devices is not currently addressed in Iowa Code and is prohibited by the Division’s administrative rules. The bill will codify the requirements used by the Division to waive the current rule, creating greater clarity in the law and creating certainty for licensees and permittees who have installed this type of device in their place of business.

Since 2010, the Division has granted this privilege to eight liquor control licensees, beer permittees, or wine permittees through the waiver of Division’s administrative rule. Specifically, the rule provides that:

**185-§ 4.41 (123) Vending machines to dispense alcoholic beverages prohibited.**

*A liquor control licensee or beer or wine permittee shall not install or permit the installation of vending machines on the licensed premises for the purpose of selling, dispensing or serving alcoholic beverages. A vending machine is defined as a slug, coin, currency or credit card operated mechanical device used for dispensing merchandise, including single cans of beer or other alcoholic beverages, and includes a mechanical device operated by remote control and used for dispensing single cans of beer or other alcoholic beverages. A vending machine is not a unit installed in individual hotel or motel rooms used for the storage of alcoholic beverages and intended for the personal use of hotel or motel guests within the privacy of the guests’ rooms.*

Because the intent of this rule is to prevent underage consumption and over consumption of alcoholic beverages in unsupervised settings, it has only been waived for liquor control licensees, beer permittees, or wine permittees who have implemented adequate measures to ensure that the intent is met. Specifically, the bill will codify the following conditions:

1. The automated dispensing device and any associated component, such as a smart card or RFID-chipped wristband, designed to grant access to the device must be activated by the licensee or permittee before a patron self-dispenses beer, wine, or spirits. The dual activation process ensures that there is interaction between the licensee/permittee and the patron before the dispensing device and associated components are used.
2. The automated dispensing device and any associated components must be deactivated at the end of each business day. Daily deactivation ensures that the device is only used during legal hours of sale. Deactivating the associated component guarantees interaction between the licensee/permittee and the patron when it is presented for use on a subsequent business day.
3. The amount of beer, wine, or spirits dispensed in a single transaction shall be controlled by the licensee or permittee.
4. The licensee or permittee employ an adequate number of employees to ensure that purchases made through the automated dispensing device are to persons of legal age and who are not intoxicated.

## **SECTION BY SECTION OVERVIEW OF THE BILL:**

### **Section 1:**

Amends Iowa Code § 123.3 by adding new language that defines “automated dispensing device” to mean mechanized device capable of dispensing beer, wine, or spirits directly or by remote activation to a patron by an authorized liquor control licensee, beer permittee, or wine permittee.

### **Section 2:**

Amends Iowa Code chapter 123 by adding new section 123.151 to do the following:

- Create a new licensing privilege authorizing the use of an automated dispensing device and establish the process to obtain it.

- Direct the Division to adopt rules that establish the conditions (listed above) under which an automated dispensing device can be used by an authorized liquor control licensee, beer permittee, or wine permittee.
- Grant the Division the authority to rescind the automated dispensing device privilege for failure to comply with the requirements of the Division.

### **Section 3:**

Establishes a transition provision for liquor control licensees, beer permittees, or wine permittees that have received a waiver of administrative rule and have installed an automated dispensing device for their patron's use to apply for and obtain the new privilege. The transition period would apply to the following businesses:

<b>Legal Name</b>	<b>D/B/A</b>	<b>Vending Machine Type</b>	<b>Address</b>	<b>Initial Waiver Approval</b>
Crucoli, LLC	Della Viti	Wine	323 Main Street # 102 Ames, Iowa 50010	12/20/2011
8410, LLC	Tapz	Beer	8450 Hickman Road Clive, Iowa 50325	02/09/2011
MH Ventures, LLC	101 Gastropub (1st Avenue Draught House -as of 2/11/15)	Beer	3707 1st Avenue SE Cedar Rapids, Iowa 52403	02/14/2014
SSBanner, LLC	Della Viti (Des Moines)	Wine	425 East Grand Des Moines, Iowa 50309	12/15/2014
HJD Subtenant, LLC	Hotel Julien Dubuque	Wine	200 Main Street Dubuque, Iowa 52001	12/09/2014
Twenty Three, LLC	The Iowa Chop House	Beer	223 Washington Street Iowa City, Iowa 52240	07/15/2014

Beck Entertainment, Inc.	Beck's Taproom Grill	Beer	3295 University Ave Waterloo, Iowa 50701	12/29/2015
D-Squared 2 LLC	Whiskey Road Tavern & Grill	Beer	402 Main Street Cedar Falls, Iowa 50613	02/12/2016

#### **AUTOMATED DISPENSING DEVICES IN OTHER STATES:**

The following states allow for the use of automated dispensing devices:

Colorado  
Kansas

Louisiana  
Missouri

Minnesota  
Nebraska